

City of South Jordan Summary Report of Operations for Fiscal Year 2004-2005

Introduction

The activities of a local government can be classified into two types of activities: governmental activities and enterprise funds. Governmental funds are used to track those activities generally associated with the operations of the government such as public safety, public works, and general administration. Enterprise funds are used to track the business-type activities of the City. The intent of this summary financial report is to give a brief explanation of the City's operations, as well as present certain financial results of the City's activities. For more detailed information, please refer to the City's Comprehensive Annual Financial Report available at the City's finance department.

Governmental Fund Activity

Revenues	
Taxes	\$ 11,623,773
Impact Fees	5,333,222
Charges for Services	4,767,544
Licenses and Permits	2,948,658
Other Revenue	5,194,692
Total Revenues	<u>29,867,889</u>
Expenditures	
Public Safety	6,619,809
General Government	4,528,306
Development Services	3,233,684
Public Works	2,767,976
Capital Expenditures	10,886,020
Debt Service	8,048,693
Total Expenditures	<u>36,084,488</u>
Other Financing Sources(Uses)	
Proceeds from Long-Term Debt	1,246,924
Sale of Capital Assets	3,309,139
Transfers	356,712
Total Other Financing Sources (Uses)	<u>4,912,775</u>
Net Change in Fund Balance	<u>\$ (1,303,824)</u>
Total Balance in all Governmental Funds as of June 30, 2005	<u>\$ 18,573,534</u>

The City's governmental funds are used to track short-term financial measures affecting the operations of the City. Within the governmental funds, some items are tracked separately when certain revenues are specifically pledged for certain purposes. These items are tracked in special revenue, capital projects, or permanent funds depending upon the nature of the revenues and the restrictions imposed upon them. All other governmental revenues and expenditures are tracked in the City's general fund.

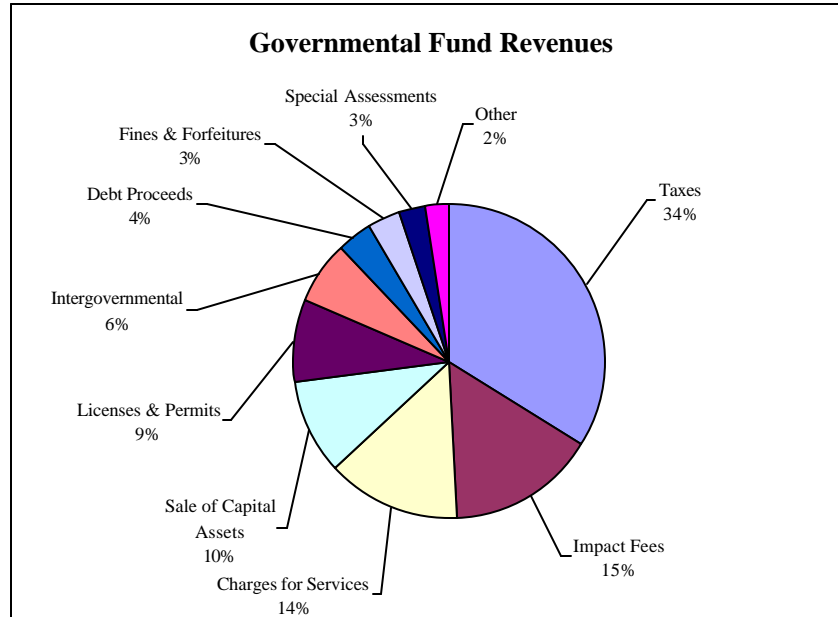
During the year, the City sold a building, which was formerly South Jordan Elementary School. The proceeds from this sale were used to pay off the debt associated with the building. This resulted in unusually high expenditures towards debt service.

Furthermore, the City spent \$10,886,020 on capital projects during the year. Much of this was paid for through balances accumulated impact fee revenues. Thus, the overall fund balance decreased as these funds are expended.



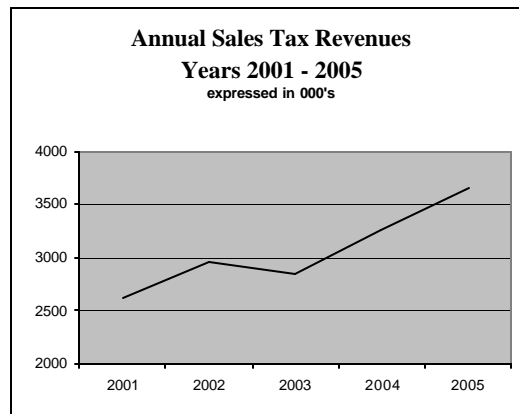
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The largest source of revenue for the City is from taxes. Tax revenue accounts for approximately 34% of total governmental revenue. The pie chart below shows the percentage of revenue coming from each revenue source.



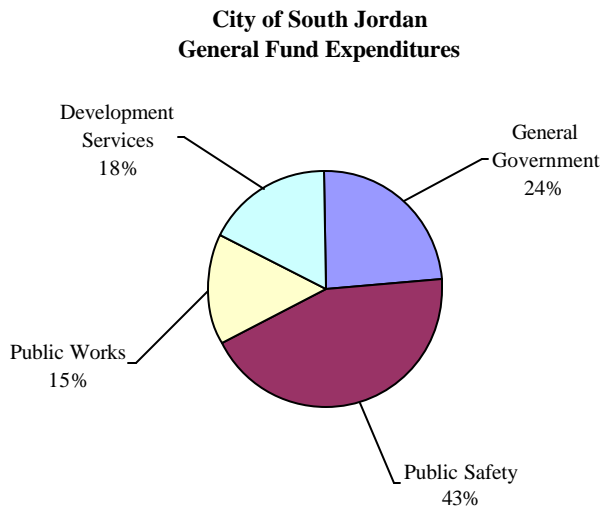
Sales Tax Revenues

City management recognizes the need to expand South Jordan's tax base. Therefore, in recent years, an added emphasis has been placed on attracting sales tax producing businesses to the City. Developments such as *The District* are effectively building a substantial sales tax base. The result has been that revenue from sales taxes has increased by \$1,040,426 from 2001 to 2005. Further efforts will be made to attract businesses to South Jordan.



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General Fund



The City's General Funds tracks all activities of the City which are not required to be tracked in a separate fund. These activities are: public safety, administration, streets, and community development, which includes building, planning, and parks and recreation.

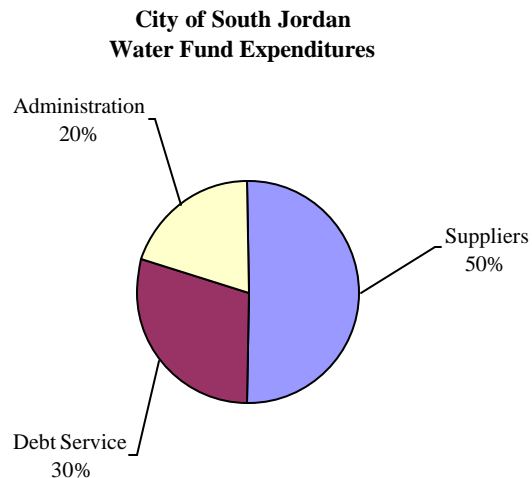
By state law, the City may not accumulate a reserve balance in excess of 18% of the next year's budgeted revenues. For many years, The City of South Jordan has maintained a guideline that it will maintain a General Fund balance at the maximum 18% rate. The City's General Fund balance is currently \$3,397,040.

Enterprise Fund Activity

In addition to governmental activities, the City also engages in other business-type activities. These activities are distinguished from governmental activities in that the costs associated with these activities are either wholly or primarily funded through user fees. The City currently maintains two enterprise funds that are based on charges for utility services. These two funds are Water and Sanitation.

Water Fund

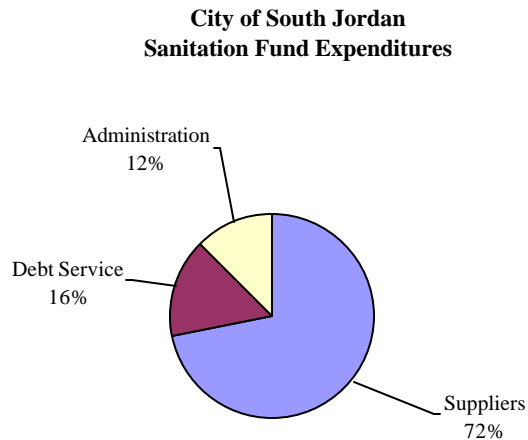
During fiscal year 2005, the City collected \$7,503,756 in water fees. These fees are used to pay suppliers, administrative costs, and to make payments on debt associated with the Water Fund. Additionally, the City also collects impact fees to support the culinary water system. These impact fees are used to pay to construct new infrastructure for the City's system. During the year, \$2,057,036 was collected in culinary water impact fees.



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Sanitation Fund

The City also provides garbage and recycling collection. During the year, \$1,862,046 was collected in user fees for these services. Like the water fund, these fees are used for suppliers, administrative costs, and debt service.



Mulligans Golf and Games

The City's third enterprise fund accounts for the activities of Mulligans Golf and Games. This recreation facility includes a golf course, driving range, miniature golf, and batting cages. It is operated with the intent of providing family recreation opportunities to the City's residents. Mulligans' 2005 revenues were \$1,076,399 with a net operating income of \$282,052. The operating income is used to pay for the debt service on bonds issued to purchase the facility.

Long-Term Debt

As shown in the chart below, the City reduced its long-term debt by \$5,324,891 during 2005.

City of South

Analysis of Long-Term Debt

	June 30, 2004	Additions	Reduction	June 30, 2005
Long-Term Debt Governmental Funds	\$ 40,951,672	\$ 1,711,964	\$ 6,532,159	\$ 36,131,477
Long-Term Debt Proprietary Funds	38,736,686	617,527	1,122,223	38,231,990
Total Long-Term Debt	<u>\$ 79,688,358</u>	<u>\$ 2,329,491</u>	<u>\$ 7,654,382</u>	<u>\$ 74,363,467</u>

All data and information presented in this report has been taken from the City's CAFR. The CAFR presents much more information and should be referenced in order to obtain a full understanding in regards to the financial condition of the City.